

STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
Land Division  
Honolulu, Hawaii 96813

October 28, 2010

Board of Land and Natural Resources  
State of Hawaii  
Honolulu, Hawaii

PSF No.: 10HD-071

Hawaii

Sale of Lease at Public Auction for Intensive Agriculture Purposes, Kaiaakea, North Hilo, Hawaii, Tax Map Key: 3<sup>rd</sup>/3-4-03:11, 38 & 39.

REQUEST:

Sale of lease at public auction for intensive agriculture purposes

LEGAL REFERENCE:

Sections 171-14, -14.5, -16, -17 and other applicable sections of Chapter 171, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands situated at Kaiaakea, North Hilo, Hawaii, identified by Tax Map Key: 3<sup>rd</sup>/3-4-03:11, 38 & 39, as shown on the attached map labeled Exhibit A.

AREA:

66.07 acres, more or less, subject to confirmation by the Department of Accounting and General Services, Survey Division.

ZONING:

State Land Use District: Agriculture  
County of Hawaii CZO: 20-acre agriculture (AG-20)

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act  
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES

CURRENT USE STATUS:

Vacant and unencumbered.

CHARACTER OF USE:

Intensive agriculture purposes

LEASE TERM:

Thirty (30) years

COMMENCEMENT DATE:

The date of sale if the current occupant is the successful bidder, otherwise, sixty (60) days after the date of sale; provided that if such date is not on the first day of any month, the commencement date shall be the first day of the month following such date; and further provided that the Chairperson may amend the commencement date for good cause.

MINIMUM UPSET ANNUAL RENT:

\$6,374.00 per annum.

METHOD OF PAYMENT:

Semi-annual payments, in advance.

RENTAL REOPENINGS:

At the 10th and 20th years of the lease term, by staff or independent appraisal.

PERFORMANCE BOND:

Twice the annual rental amount.

PROPERTY CHARACTERISTICS:

Utilities - None

Slope - +/- 20% undulating

Elevation – 200 to 600 feet

Rainfall - 120 to 200 inches- mean annual

SCS Soil Series - Hilo & Wailea

Land Study Bureau – C: fair (unirrigated lands)

Legal access to property – Staff has verified that there is legal access to the property off of Mamalahoa Highway.

Subdivision – Staff has verified that the subject property to be auctioned is a legally subdivided lot.

Encumbrances – Staff has verified that there are currently no existing encumbrances on these parcels. However, there is a pending application for an access easement over the existing roadway through the property.

#### CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

See Exemption Notification attached as Exhibit B.

#### REMARKS:

Subject lands were previously cultivated in sugar cane production from the late 1800's up until the mid 1980's. Most recently the land was encumbered under General Lease No. S-5965 to Chin A. Ho for intensive agriculture purposes. This lease was cancelled effective 7/31/09 due to the inability of the Lessee to finance the development and to perform the necessary improvements to the property.

The county zoning for these parcels is 20-acre agriculture. This allows a wide range of agricultural use as identified by the previous tenant and the DLNR designation of intensive agriculture use as the highest and best use of State agricultural lands.

HDLO staff has recently received inquiries from interested persons looking for agricultural lands for the expansion of their existing operations. These people appear to be experienced farmers and should prove to be successful operators of the land. The soil conditions are suitable for a large range of intermediate and long-term crops. Although the land lacks irrigation water, sufficient rainfall should provide the necessary water for most crops. The hunting of animals is not allowed within the leased lands.

Request for comments were distributed to various government agencies with no objection. The Commission on Water Resource Management requests that any stream diversion require the necessary permits.

The HDLO staff believes this request and the intended use of these State lands should be exempted from the preparation of an environmental assessment because the intended use is consistent with past use of the property. Prior to the most recent intensive agriculture use, the land had been in sugar cultivation for many decades. Such use has resulted in no known significant impacts, whether immediate or cumulative, to the natural, environmental and/or cultural resources in the area. As such, staff believes that the proposed use would involve negligible or no expansion or change in use of the subject area beyond that previously existing.

RECOMMENDATION: That the Board:

1. Find the area to be an economic unit in terms of the intended use.
2. Find that the subject area is not suitable for hunting, nor will it become so during the term of the lease.
3. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200, HAR, this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.
4. Authorize the sale of a lease at public auction covering the subject area for intensive agriculture purposes under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
  - a. The standard terms and conditions of the most current intensive agriculture general lease form, as may be amended from time to time;
  - b. Within the first 5 years of the lease term, the land under lease shall be utilized for the purposes for which the lease is sold, all in accordance with a conservation plan approved by the Chairperson;
  - c. Review and approval by the Department of the Attorney General; and
  - d. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,



Gordon C. Heit  
Land Agent



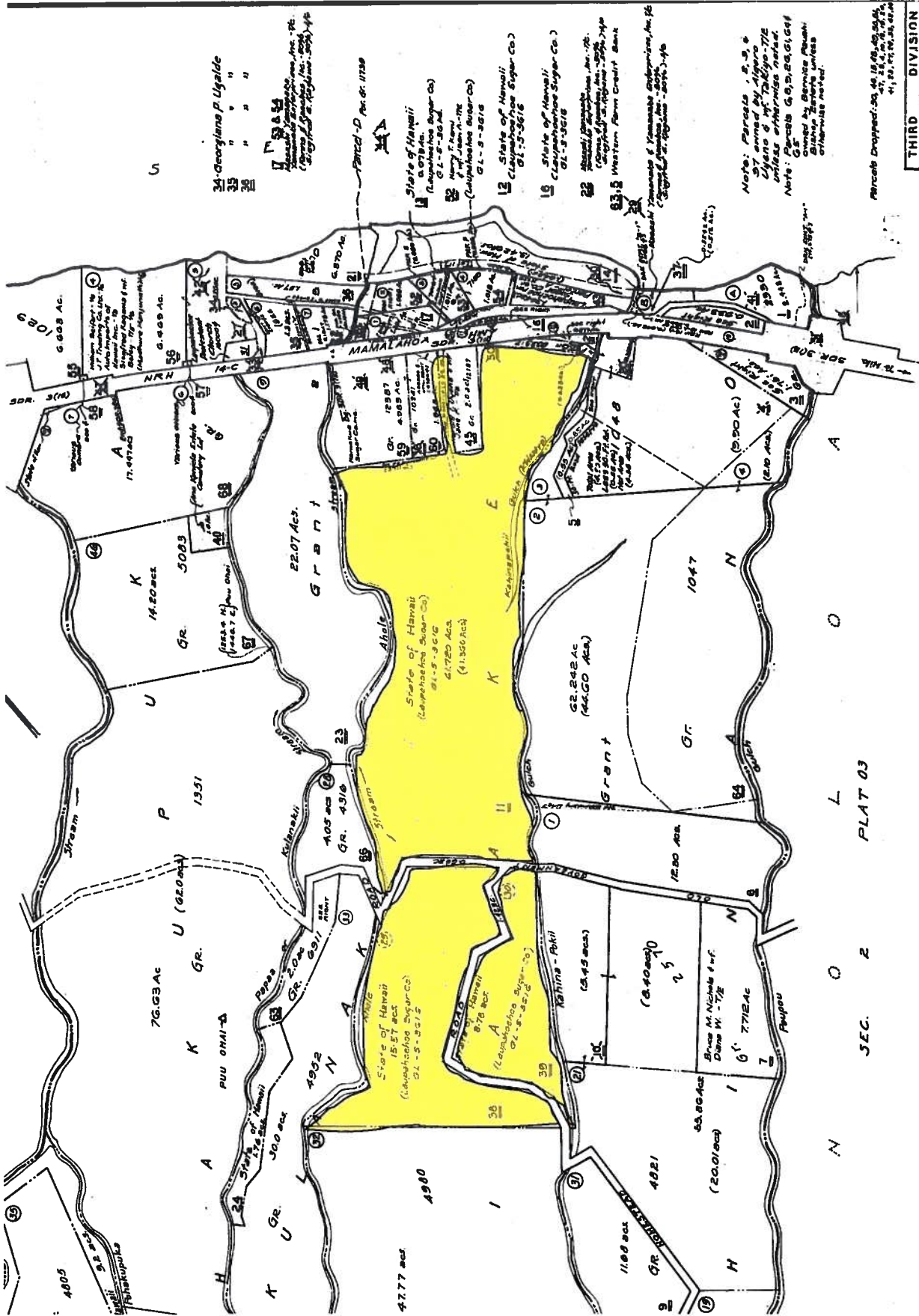
APPROVED FOR SUBMITTAL:



Laura H. Thielen, Chairperson

# EXHIBIT A

**TMK: 3<sup>RD</sup>/3-4-03:11**



THIRD	DIVISION	
ZONE	SEC.	PLAT
3	4	03
CONTAINING		PARCELS
SCALE: 1 in = 300 ft		

Partials Dropped: 53, 46, 15, 48, 49, 50, 51,  
47, 28, 4, 10, 18, 16, 24,  
41, 29, 27, 26, 33, 43, 40

Note: Parcels 1, 2, 3, &  
57 owned by Alvaro  
Uyeno & Mt. Takayo-Tile  
unless otherwise noted

Note: Parcels 6, 8, 9, 23, 26, 31,  
35  
owned by Service Forest  
Bishop Terlets unless  
otherwise noted

A. . . . .



# Kaiaakea Lease Parcel

**EXHIBIT A**



LINDA LINGLE  
GOVERNOR OF HAWAII

LAURA H. THIELEN  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT



**STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

**EXEMPTION NOTIFICATION**

From the preparation of an environmental assessment under the authority of Chapter 343, HRS and Chapter 11-200, HAR

**Project Title:** Preparation of State lands for lease at public auction.

**Project Number:** PSF No. 10HD-071

**Project Location:** Kaiaakea, North Hilo, Hawaii, Tax Map Key:3<sup>rd</sup>/3-4-03:11, 38 & 39.

**Project Description:** The subject property was most recently leased for intensive agriculture purposes. Due to extreme economic hardship, the Lessee was unable to utilize the land for its intended purpose. Previously the land was cultivated in sugar production.

**Consulted Parties:** None

**Exemption Class No.:** In accordance with the "Division of Land Management's Environmental Impact Statement Exemption List", approved by the Environmental Council and dated April 28, 1986, the subject request is exempt from the preparation of an environmental assessment under the following:

Exemption Class No. 1, which states, "Operations, repairs or maintenance of existing structures, facilities, equipment or topographical features, involving negligible or no expansion or change of use beyond that previously existing."

**EXHIBIT "B"**

**Recommendation:**

The lease is for continued use agricultural lands. It is anticipated this project will probably have minimal or no significant effect on the environment and is presumed to be exempt from the preparation of an environmental assessment. It is recommended that the Board find this request exempt from HRS 343.



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Laura H. Thielen, Chairperson

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Date